

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES

For the Year Ended June 30, 2009

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## INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Campbellsville Independent School District  
Campbellsville, Kentucky

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Campbellsville Independent School District, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Appendix I of the Independent Auditor's Contract – General Audit Requirements, Appendix II of the Independent Auditor's Contract – State Audit Requirements, and Appendix III of the Independent Auditor's Contract – Electronic Submission*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 09, 2009, on our consideration of the Campbellsville Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on Pages 3 through 6 and budgetary comparison information on pages 31 through 32 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The additional information shown on Pages 31 through 39 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and Notes to Schedule of Expenditures of Federal Awards on Pages 40 through 42 are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are also not a required part of the basic financial statements of the District. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wise, Buckner, Sprowles & Associates, PLLC*

Wise, Buckner, Sprowles & Associates, PLLC  
Certified Public Accountants

Campbellsville, Kentucky  
November 09, 2009

CAMPBELLVILLE INDEPENDENT SCHOOL DISTRICT – CAMPBELLVILLE, KY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
For the Year Ended June 30, 2009

As management of the Campbellsville Independent School District (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

## **FINANCIAL HIGHLIGHTS**

- The ending general fund balance for the District was \$1,430,521. The previous year ending balance was \$621,730 and also served as the beginning balance for 2008-09. This is an increase of 130% which is due to the effort of all employees to reduce spending. A District Wide Needs Assessment Committee was used to look at long range planning and to be able to prioritize those needs into our Budgeting process.
- In January 2007, the District received an official Urgent Need Offer of Assistance from the School Facilities Construction Commission with a maximum dollar amount to be established at \$5 million dollars. No local funds are required to match this offer. The design phase, bidding and award of bids for the Campbellsville High School Renovation project with Clotfelter-Samokar Architects was initiated in November 2007 at a cost of \$5,395,000. The renovation of the High School was 83% complete at the end of the year.
- The district complied with state mandates for salary increases. A 1% increase was given to all support staff. Additionally, all appropriate staff received a step increase equating to a 1.2% increase.
- SEEK revenue increased by \$90,651 from 2007-08 and represented 63% of general fund revenue excluding on-behalf revenue adjustments.
- The General Fund had \$7,444,413 in revenue excluding on-behalf revenue adjustment, which primarily consists of the state SEEK program and local taxes.

## **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information showing how the District’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 7-8 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our vending and food service operations. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 9-12 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-31 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$7.2 million as of June 30, 2009.

The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Assets for the periods ending June 30, 2009 and 2008 are as follows:

	2009	2008
Current Assets	\$ 2,753,106	\$ 6,088,812
Non-Current Assets	14,503,373	10,345,882
Total Assets	17,256,478	16,434,694
Current Liabilities	1,050,881	951,217
Non-Current Liabilities	8,915,953	9,355,177
Total Liabilities	9,966,834	10,306,394
Net Assets		
Investment in Capital Assets (Net of Debt)	785,874	491,309
Restricted	4,512,481	5,237,695
Unreserved Fund Balance	1,991,290	399,296
Total Net Assets	\$ 7,289,644	\$ 6,128,300

The following are significant current year transactions that have had an impact on the Statement of Net Assets.

The District put into service \$4,731,354 of capital assets \$4,474,101 of which is construction in progress for the High School renovation project.

#### Comments on Budget Comparisons

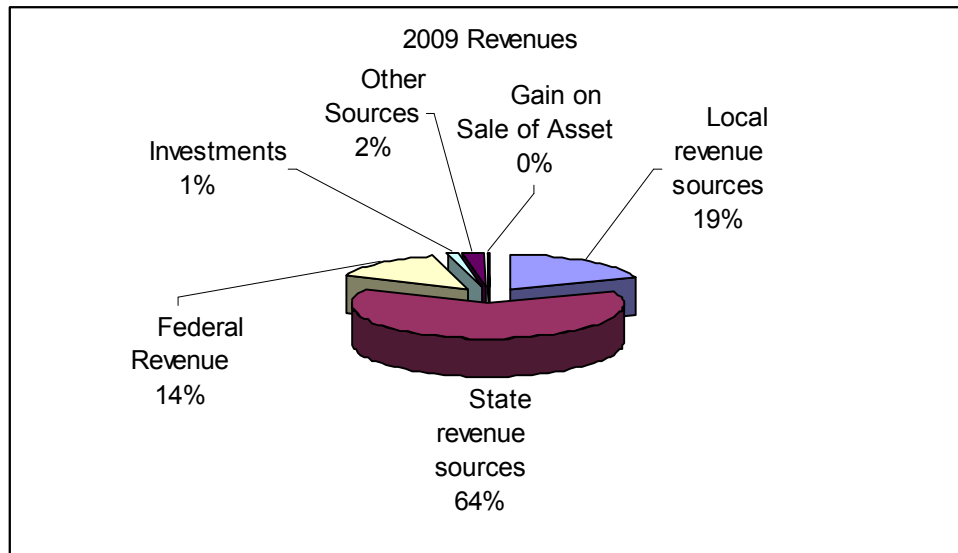
- The District's total revenues for the fiscal year ended June 30, 2009 net of inter-fund transfers were \$13,495,184
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$1.77 million more than budget or approximately 24%. The variance is primarily explained by unbudgeted on-behalf payments made by the State of Kentucky in the amount of \$1.65 million.
- The total cost of all programs and services was \$12 .08 million including debt service.
- The Board had a budgeted contingency of \$583,038.
- General fund budget expenditures to actual varied significantly in Instruction and Other expenses. This resulted from the District not budgeting on-behalf payments made by the State of Kentucky as instructed by the Department of Education and not having to spend budgeted contingency funds.

The following table presents a summary of revenue for the fiscal years ended June 30, 2009 and 2008.

	2009	2008
Revenues		
Local revenue sources	\$ 2,342,382	\$ 2,201,884
State revenue sources	7,892,572	7,542,684
Federal Revenue	1,726,702	1,705,868
Investments	172,211	62,132
Other Sources	308,004	380,100
Gain on Sale of Asset	22,741	38,083
Bond Proceeds	-	5,395,000
Total revenues	<u>\$ 12,464,612</u>	<u>\$ 17,325,751</u>

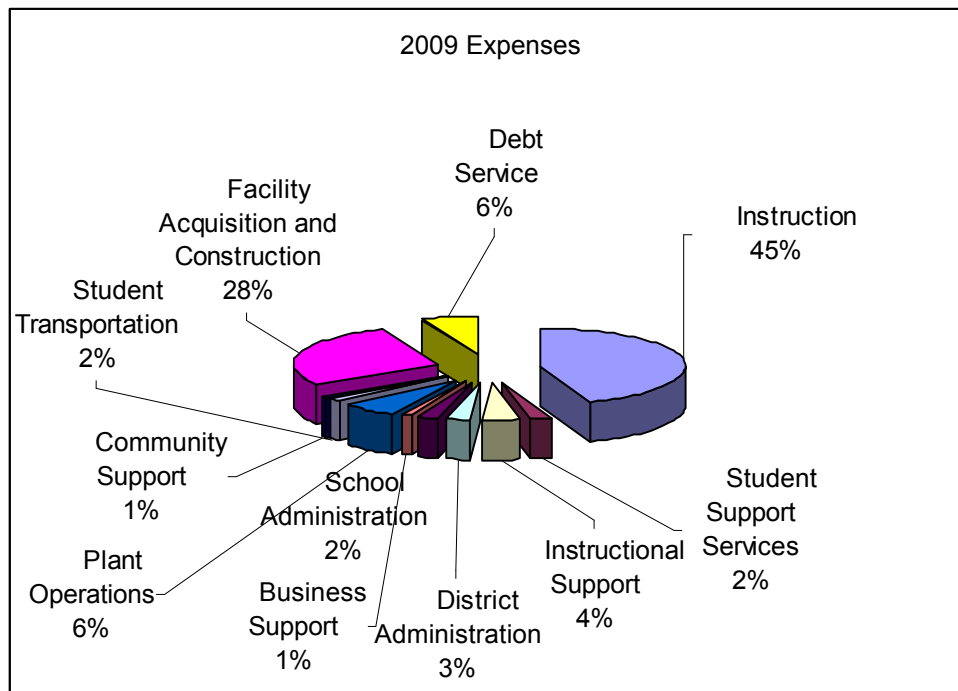
The majority of revenue was derived from state funding (63%), with local taxes making up another (19%) of total revenue.





The following table presents a summary of expenses for the fiscal years ended June 30, 2009 and 2008.

Expenses	2009	2008
Instruction	\$ 7,185,885	\$ 7,181,887
Student Support Services	390,214	378,615
Instructional Support	685,198	562,477
District Administration	421,838	421,460
School Administration	382,038	523,037
Business Support	157,415	144,270
Plant Operations	1,049,058	930,057
Student Transportation	251,235	367,536
Community Support	96,411	90,087
Facility Acquisition and Construction	4,478,819	-
Debt Service	1,045,366	837,539
Total expenses	<u>\$ 16,143,477</u>	<u>\$ 11,436,965</u>



## BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget of \$11,417,209 with a 5.7% contingency. The cash balance for the beginning of the fiscal year was \$1,430,521. Significant Board action that impacts the finances include a 3% pay raise for all employees, additional spending for the Special Need Program, and increase cost for diesel fuel and utilities.

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions regarding this report should be directed to the Superintendent Mike Deaton or to Gayle Newton, Director of Financial Services (270) 465-4162 or by mail at 136 S Columbia Ave, Campbellsville, KY 42718.

CAMPBELLVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
As of June 30, 2009

	Governmental Activities	Business Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 2,206,471	\$ 34,950	\$ 2,241,421
Inventory	-	17,052	17,052
Accounts Receivable			
Taxes - Current	39,402	-	39,402
Accounts Receivable	2,126	35,781	37,907
Intergovernmental - State	58,923	-	58,923
Intergovernmental – Direct Federal	-	-	-
Intergovernmental – Indirect Federal	124,091	-	124,091
Bond Issue Costs	234,311	-	234,311
TOTAL CURRENT ASSETS	2,665,323	87,782	2,753,106
NON-CURRENT ASSETS			
Capital Assets, Net of			
Ac Less: Accumulated Depreciation	14,493,383	9,990	14,503,373
TOTAL NON-CURRENT ASSETS	14,493,383	9,990	14,503,373
TOTAL ASSETS	17,158,706	97,772	17,256,478
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	32,012	13,135	45,147
Checks Issued in Excess of Cash	113,734	-	113,734
Deferred Revenue	62,021	-	62,021
Accrued Liabilities	42,687	-	42,687
Current Portion of Bond Obligations	626,000	-	626,000
Current Portion of Capital Lease Obligations	49,420	-	49,420
Current Portion of Accrued Sick Leave	50,630	-	50,630
Interest Payable	61,242	-	61,242
TOTAL CURRENT LIABILITIES	1,037,746	13,135	1,050,881
NON-CURRENT LIABILITIES			
Non-Current Portion of Bond Obligations	8,384,000	-	8,384,000
Non-current Portion of Capital Lease Obligations	397,175	-	397,175
Non-Current Portion of Accrued Sick Leave	134,778	-	134,778
TOTAL NON-CURRENT LIABILITIES	8,915,953	-	8,915,953
TOTAL LIABILITIES	9,953,699	13,135	9,966,834
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	775,884	9,990	785,874
Restricted for:			
Capital Projects	4,495,215	-	4,495,215
Other	214	-	214
Inventory	-	17,052	17,052
Unrestricted	1,933,694	57,596	1,991,290
TOTAL NET ASSETS	\$ 7,205,007	\$ 84,637	\$ 7,289,644

The accompanying notes are and integral part of the financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2009

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
FUNCTIONS/PROGRAMS	Expense						
GOVERNMENTAL ACTIVITIES							
Instruction	\$ 7,226,472	\$ 273,783	\$ 2,044,244	\$ -	\$ (4,908,445)	\$ -	\$ (4,908,445)
Support Services							
Student	400,079	-	-	-	(400,079)	-	(400,079)
Instruction Staff	693,587	-	273,543	-	(420,044)	-	(420,044)
District Administrative	425,888	-	30,234	-	(395,654)	-	(395,654)
School Administrative	385,249	-	9,331	-	(375,918)	-	(375,918)
Business	158,330	-	-	-	(158,330)	-	(158,330)
Plant Operation and Maintenance	1,208,677	-	11,817	-	(1,196,860)	-	(1,196,860)
Student Transportation	293,322	-	10,770	-	(282,552)	-	(282,552)
Central Office	1,365	-	-	-	(1,365)	-	(1,365)
Community Services	99,349	-	94,852	-	(4,497)	-	(4,497)
Facilities Acquisition & Construction	4,718	-	4,718	266,698	266,698	-	266,698
Interest on Long-Term Debt	379,774	-	-	-	(379,774)	-	(379,774)
TOTAL GOVERNMENTAL ACTIVITIES	11,276,810	273,783	2,479,509	266,698	(8,256,820)	-	(8,256,820)
BUSINESS-TYPE ACTIVITIES							
Food Service	807,828	167,231	626,312	-	-	(14,285)	(14,285)
TOTAL BUSINESS-TYPE ACTIVITIES	807,828	167,231	626,312	-	-	(14,285)	(14,285)
TOTAL SCHOOL DISTRICT	\$ 12,084,638	\$ 441,014	\$ 3,105,821	\$ 266,698	(8,256,820)	(14,285)	(8,271,105)
GENERAL REVENUES							
Taxes							
Property Taxes					1,646,308	-	1,646,308
Motor Vehicle					128,374	-	128,374
Utility Taxes					570,745	-	570,745
State and Formula Grants					6,893,748	-	6,893,748
Investment Earnings					172,206	865	173,071
Loss Compensation					21,320	-	-
Gain (Loss) on Disposition of Assets					(11,615)	-	(11,615)
Miscellaneous					10,499	-	10,499
TOTAL GENERAL REVENUES					9,431,584	865	9,411,129
Change in Net Assets					1,174,764	(13,420)	1,140,024
Net Assets - Beginning					6,030,243	98,057	6,128,300
Net Assets - Ending					\$ 7,205,007	\$ 84,637	\$ 7,289,644

The accompanying notes are an integral part of the financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
As of June 30, 2009

	General Fund	Special Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS AND RESOURCES</b>					
Cash and Cash Equivalents	\$ 1,456,435	\$ -	\$ 749,822	\$ 214	\$2,206,471
Accounts Receivable					
Taxes - Current	39,402	-	-	-	39,402
Accounts Receivable	2,126	-	-	-	2,126
Intergovernmental - State	-	58,923	-	-	58,923
Intergovernmental – Indirect Federal	4,610	119,480	-	-	124,091
Intergovernmental – Direct Federal	-	-	-	-	-
<b>TOTAL ASSETS AND RESOURCES</b>	<b>\$ 1,502,573</b>	<b>\$178,403</b>	<b>\$ 749,822</b>	<b>\$ 214</b>	<b>\$2,431,012</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Checks Issued in Excess of Cash	\$ -	\$113,734	\$ -	\$ -	\$ 113,734
Accounts Payable	29,365	2,647	-	-	32,012
Accrued Payroll and Related Expenses	42,687	-	-	-	42,687
Deferred Revenue	-	62,021	-	-	62,021
<b>TOTAL LIABILITIES</b>	<b>72,052</b>	<b>178,403</b>	<b>-</b>	<b>-</b>	<b>250,455</b>
<b>FUND BALANCES</b>					
Reserved for:					
Construction	-	-	749,822	-	749,822
Debt Service	-	-	-	214	214
Undesignated, Reported in	-	-	-	-	-
General Fund	1,430,521	-	-	-	1,430,521
<b>TOTAL FUND BALANCES</b>	<b>1,430,521</b>	<b>-</b>	<b>749,822</b>	<b>214</b>	<b>2,180,557</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,502,573</b>	<b>\$178,403</b>	<b>\$ 749,822</b>	<b>\$ 214</b>	<b>\$2,431,012</b>

The accompanying notes are an integral part of the financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of net assets are different because:

TOTAL GOVERNMENTAL FUND BALANCE		\$ 2,180,557
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds.		
Cost of Capital Assets	21,584,103	
Accumulated Depreciation	<u>(7,090,720)</u>	
		14,493,384
Bond issue costs are not current financial resources and therefore are not reported as assets in governmental funds.		
	<u>234,311</u>	
		234,311
Certain liabilities are not reported in the governmental fund financial statement because they are not due and payable, but they are presented in the statement of net assets.		
Bonds and Capital Lease Payable	(9,456,595)	
Accrued Sick Leave	(185,408)	
Accrued Interest Payable	<u>(61,242)</u>	
		<u>(9,703,245)</u>
Net assets for governmental activities		<u>\$ 7,205,007</u>

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009

	General Fund	Special Revenue (Grant) Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
From Local Sources:					
Taxes					
Property	\$1,432,004	\$ -	\$ -	\$ 191,999	\$ 1,624,003
Motor Vehicles	128,374	-	-	-	128,374
Utilities	570,745	-	-	-	570,745
Other	9,762	-	-	-	9,762
Tuition and Fees	9,498	-	-	-	9,498
Transportation	-	-	-	-	-
Earnings and Investments	171,931	5	-	274	172,211
Other Local Revenues	287,328	20,676	-	-	308,004
Intergovernmental – State	6,373,822	783,188	-	735,562	7,892,572
Intergovernmental – Direct federal	45,398	42,051	-	-	87,450
Intergovernmental – Indirect federal	5,664	1,633,589	-	-	1,639,252
TOTAL REVENUES	9,034,525	2,479,510	-	927,835	12,441,870
EXPENDITURES					
Instruction	5,121,290	2,064,595	-	-	7,185,885
Support Services					-
Student	390,214	-	-	-	390,214
Instructional Staff	416,391	268,806	-	-	685,198
District Administration	391,604	30,234	-	-	421,838
School Administration	372,707	9,331	-	-	382,038
Business Support Services	157,415	-	-	-	157,415
Plant Operations and Maintenance	1,037,241	11,817	-	-	1,049,058
Student Transportation	240,465	10,770	-	-	251,235
Community Services	1,558	94,852	-	-	96,411
Facilities Acquisition and Construction	-	4,718	4,474,101	-	4,478,819
Debt Service	-	-	-	1,045,366	1,045,366
TOTAL EXPENDITURES	8,128,886	2,495,124	4,474,101	1,045,366	16,143,477
Excess (Deficit) of Revenues Over Expenditures	905,639	(15,614)	(4,474,101)	(117,531)	(3,701,608)
OTHER FINANCING SOURCES (USES)					
Bond Principal Proceeds	-	-	-	-	-
Proceeds from Sale of Assets	22,741	-	-	-	22,741
Operating Transfers In	1,252	21,603	-	562,671	585,526
Operating Transfers Out	(120,840)	(5,988)	-	(458,697)	(585,526)
TOTAL OTHER FINANCING SOURCES (USES)	(96,847)	15,615	-	103,974	22,741
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	808,792	-	(4,474,101)	(13,557)	(3,678,867)
Fund Balance June 30, 2008	621,729	-	5,223,924	13,771	5,859,424
Fund Balance June 30, 2009	\$1,430,521	\$ -	\$ 749,822	\$ 214	\$ 2,180,557

The accompanying notes are an integral part of the financial statements.



CAMPBELLVILLE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

NET CHANGE - GOVERNMENTAL FUNDS \$ (3,678,867)

Governmental funds report capital outlays as expenditures because they use current financial resources, but they are presented as assets in the statement of net assets and depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities. The difference is the amount by which capital outlays exceeds depreciation expense for the year.

Capital Outlays	4,731,354	
Depreciation Expense	(558,087)	
	4,173,268	4,173,268

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balances. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Bond Issue Costs	(13,816)	
Increase in Capital Leases	(28,419)	
Principal Paid		
District	421,208	
State	253,316	
	632,289	632,289

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.

	48,074	
	\$ 1,174,764	
Change in net assets of governmental activities		\$ 1,174,764

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
As of June 30, 2009

	Food Service Fund
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 34,950
Inventory	17,052
Accounts Receivable	35,781
	<hr/>
TOTAL CURRENT ASSETS	87,782
NON-CURRENT ASSETS	
Capital Assets	163,264
Less: Accumulated Depreciation	(153,274)
	<hr/>
TOTAL NON-CURRENT ASSETS	9,990
	<hr/>
TOTAL ASSETS	\$ 97,772
	<hr/>
LIABILITIES	
CURRENT LIABILITIES	
Checks Issued in Excess of Cash	\$ -
Accounts Payable	13,135
	<hr/>
TOTAL CURRENT LIABILITIES	13,135
NET ASSETS	
Reserved for Inventory	17,052
Invested in Capital Assets, Net of Related Debt	9,990
Unrestricted	57,596
	<hr/>
TOTAL NET ASSETS	84,637
	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 97,772
	<hr/>

The accompanying notes are an integral part of the financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2009

	Food Service Fund
OPERATING REVENUES	
Lunchroom Sales	\$ 167,231
TOTAL OPERATING REVENUES	167,231
OPERATING EXPENSES	
Salaries and Wages	429,949
Contract Services	5,248
Material and Supplies	365,484
Property	2,462
Depreciation	4,161
Other Operating Expenses	524
TOTAL OPERATING EXPENSES	807,828
OPERATING INCOME (LOSS)	(640,597)
NON-OPERATING REVENUES (EXPENSES)	
Federal Grants	516,496
Donated Commodities	28,206
State Grants	81,610
Gain (Loss) on Disposition of Assets	
Interest Income	865
TOTAL NON-OPERATING REVENUES (EXPENSES)	627,177
NET INCOME (LOSS)	(13,420)
Net Assets - June 30, 2008	98,057
Net Assets - June 30, 2009	\$ 84,637

The accompanying notes are an integral part of the financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2009

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From	
Lunchroom sales	\$ 167,231
Cash paid to/for	
Employees	(355,400)
Supplies	(322,315)
Other activities	(8,271)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(518,756)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Grants	7,061
Federal Grants	560,721
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	567,782
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of interest income	865
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	865
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	49,892
Balances, Beginning of Year	(14,942)
Balances, End of Year	\$ 34,950
RECONCILIATION OF CHANGE IN NET INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net Income (Loss)	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	4,161
State On-behalf Payments	74,549
Donated commodities	28,206
Change in Assets and Liabilities	
(Increase) Decrease in Inventory	6,173
Increase (Decrease) in Accounts Payable	8,752
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 121,841
SCHEDULE OF NON-CASH TRANSACTIONS	
On Behalf Payments from the State for Employee Benefits	\$ 74,549
Donated Commodities Received from Federal Government	28,206

The accompanying notes are an integral part of the financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS – FIDUCIARY FUNDS  
As of June 30, 2009

	Agency Funds	Other Fiduciary Funds	Total Fiduciary Funds
ASSETS			
Cash	\$ 119,783	\$ -	\$ 119,783
Accounts Receivable	530	-	530
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	120,313	-	120,313
LIABILITIES			
Accounts Payable	135	-	135
Due to Student Groups	120,178	-	120,178
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	120,313	-	120,313
	<hr/>	<hr/>	<hr/>
NET ASSETS	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Campbellsville Independent Board of Education ("Board"), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Campbellsville Independent School District ("District"). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, codification of Governmental Accounting and Financial Reporting Standards. Board Members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Campbellsville Independent Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

Campbellsville Independent School District Finance Corporation - On November 19, 1990, the Campbellsville Independent, Kentucky, Board of Education resolved to authorize the establishment of the Campbellsville Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Campbellsville Independent Board of Education also comprise the Corporation's Board of Directors.

Basis of Presentation

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total assets. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

- Governmental Fund Types

1. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
2. The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report on pages 39 through 40. This is a major fund of the District.
3. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
  - a. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
  - b. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan. This is a major fund of the District.
  - c. The Construction Fund includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

- Proprietary Fund Types (Enterprise Fund)

1. The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund.
2. The District applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- Fiduciary Fund Type (includes agency funds)

The Activity fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available.

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net assets as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported in inventory.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Property Taxes

Property Tax Revenues – Property taxes are levied each November 1 on the assessed value listed as of the prior January 1, for all real and personal property in the city limits. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.



The property tax rates assessed for the year ended June 30, 2009, to finance the General Fund operations were \$.433 per \$100 valuation for real property, \$.433 per \$100 valuation for business personal property and \$.553 per \$100 valuation for motor vehicles.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,000 with the exception of buildings and building improvements for which the threshold is \$25,000. The cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not capitalized. The District does not possess any infrastructure.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	25-50 years
Land Improvements	20 years
Technology Equipment	5 years
Vehicles	5-10 years
Audio-Visual Equipment	15 years
Food Service Equipment	10-12 years
Furniture and Fixtures	7 years
Rolling Stock	15 years
Other	10 years

Inter-fund Balances

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as "inter-fund receivables / payables". These amounts are eliminated in the governmental and business-type activities columns of the statements of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. For the year ended June 30, 2009 there were no inter-fund balances.

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

- Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- The budget can be amended after initial approval.
- Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.
- On-Behalf payments were not considered in the budget.

Cash and Cash Equivalents

The District considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

Inventories

The only inventory maintained by the District consists of expendable supplies held for consumption and is accounted for in the Enterprise Fund. Inventory consists of donated and purchased food held for resale and is expensed when used. Purchased food is valued at cost and U.S. Government donated commodities value is determined by the U.S. Department of Agriculture.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2009 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories and fixed assets.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations

imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools.

Use of Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 2: ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits. Custodial Credit is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities.

The District's cash and cash equivalents consist of amounts deposited in both interest and non interest-bearing accounts. As of June 30, 2009, the carrying amount of the District's deposits, including activity funds was \$111,403 and the bank balance was \$722,780. Of the total bank balance, \$250,000 was covered by Federal depository insurance, with the remainder covered by collateral held by the pledging banks' trust departments in their name and pledged to the District.

The District's cash and cash equivalents at June 30, 2009 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Checking Accounts	<u>\$ 3,013,521</u>	<u>\$ 2,247,469</u>
	<u>\$ 3,013,521</u>	<u>\$ 2,247,469</u>

Breakdown per financial statements:

Governmental Funds	\$ 2,969,447	\$ 2,206,471
Agency Funds	122,858	119,783
Proprietary Funds	34,950	34,950
Checks Issued in Excess of Cash (Special Revenue)	<u>(113,734)</u>	<u>(113,734)</u>
	<u>\$ 3,013,521</u>	<u>\$ 2,247,469</u>

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 4: INVESTMENTS

Kentucky revised statutes authorize the District to invest in the following:

- (1) Obligations of the United States and of its agencies and instrumentalities, repurchase agreements, and specially approved AAA rated corporate bonds;
- (2) Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities;
- (3) Any savings and loan associations insured by an agency of the United States up to the amount insured;
- (4) Interest bearing deposits in national and state banks chartered in Kentucky and insured by an agency of the United States up to the amount so insured, and in larger amounts providing such bank shall pledge as security obligations having a current quoted market value at least equal to any uninsured deposits.

Financial instruments which potentially subject the District to concentrations of credit risk consist principally of temporary cash investments, taxes receivable and receivables from federal and state governments.

As of June 30, 2009, the District had no investments.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
<b>GOVERNMENTAL ACTIVITIES</b>				
Land and Improvements	\$ 821,733	\$ 31,290	\$ -	\$ 853,023
Buildings and Building Improvements	13,830,716	137,975	-	13,968,691
Technology Equipment	1,215,317	83,833	101,243	1,197,907
Vehicles	667,945	-	29,564	638,381
General Equipment	458,079	4,155	31,348	430,886
Construction-in-Progress	21,114	4,474,101	-	4,495,215
Totals at historical cost	<u>17,014,904</u>	<u>4,731,354</u>	<u>162,155</u>	<u>21,584,103</u>
Less accumulated depreciation for:				
Land and Improvements	307,697	11,961	-	319,658
Buildings and Building Improvements	4,824,417	325,612	-	5,150,029
Technology Equipment	763,485	157,749	100,275	820,959
Vehicles	447,461	44,442	22,173	469,731
General Equipment	340,114	18,323	28,092	330,344
Total accumulated depreciation	<u>6,683,174</u>	<u>558,087</u>	<u>150,540</u>	<u>7,090,720</u>
Governmental Activities Capital Assets - Net	<u>\$ 10,331,730</u>	<u>\$ 4,173,268</u>	<u>\$ 11,615</u>	<u>\$ 14,493,383</u>

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 5: CAPITAL ASSETS – (CONTINUED)

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
<b>PROPRIETARY ACTIVITIES</b>				
Food Service and Equipment	\$ 162,229	\$ -	\$ -	\$ 162,229
Technology Equipment	1,035	-	-	1,035
Totals at historical cost	163,264	-	-	163,264
Less Accumulated Depreciation For:				
Food Service and Equipment	148,803	3,954	-	152,757
Technology Equipment	310	207	-	517
Total Accumulated Depreciation	149,113	4,161	-	153,274
Proprietary Activities Capital Net	\$ 14,151	\$ (4,161)	\$ -	\$ 9,990

Depreciation Expense Charged to Governmental Functions is as Follows:

Instructional	\$ 330,385
Student Support Services	9,865
Staff Support Services	3,653
District Administration	4,050
School Administration	3,211
Business Support Services	915
Plant Operation and Maintenance	159,619
Student Transportation	42,087
Central Office	1,365
Community Service Operations	2,938
Total	\$ 558,087

NOTE 6: LONG-TERM OBLIGATIONS

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to bonds issued by the Fiscal Court of Campbellsville Independent and Campbellsville Independent School District Finance Corporation.

The General Fund, including utility taxes, Facility Support Program (FSPK) Fund, and the SEEK Capital Outlay Fund are obligated to make lease payments. The lease agreements provide among other things, (1) for rentals sufficient to satisfy debt service requirements on bonds issued by the Fiscal Court to construct school facilities and (2) the District with the option to purchase the property under lease at any time by retiring the bonds then outstanding. The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 6: LONG-TERM OBLIGATIONS – (CONTINUED)

The original amount of the issue, the issue dates, and interest rates are summarized below:

Issue	District Original Amount	SFCC Original Amount	Interest Rate Ranges	Maturity Dates
1997	\$ 113,880	\$ 211,120	4.50% - 5.00%	June 1, 2018
1999	440,000	-	4.30% - 4.70%	May 1, 2009
2002	1,990,000	-	1.50% - 3.70%	June 30, 2013
2003	580,000	-	3.70%	November 1, 2018
2004	1,284,823	134,369	2.20% - 3.85%	June 30, 2015
2005	1,000,000	-	2.95% - 3.80%	February 1, 2016
2005	-	280,000	4.00%	September 1, 2025
2008	5,395,000	-	2.30% - 4.125%	June 1, 2028

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Campbellsville Independent School District Finance corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The District has “participation agreements” with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the local bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The bonds may be called prior to maturity and redemption premiums are specified in each issued. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2009, for debt service (principal and interest) are as follows:

YEAR	CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT		KENTUCKY SCHOOL CONSTRUCTION COMMISSION		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2009-2010	\$ 395,742	\$ 122,069	\$ 230,258	\$ 211,967	\$ 960,036
2010-2011	404,760	106,404	237,240	205,649	954,053
2011-2012	423,687	91,702	247,313	198,115	960,817
2012-2013	442,568	76,142	254,432	190,236	963,378
2013-2014	471,384	64,879	260,616	181,800	978,679
2015-2019	1,233,097	87,165	1,372,903	765,977	3,459,142
2020-2024	-	-	1,576,000	492,854	2,068,854
2023-2027	-	-	1,460,000	151,162	1,611,162
Totals	\$ 3,371,238	\$ 548,361	\$ 5,638,762	\$ 2,397,760	\$ 11,956,121



CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 6: LONG-TERM OBLIGATIONS – (CONTINUED)

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The non-current portion of the liability is not reported.

Long-term liability for the year ended June 30, 2009, was as follows:

	Beginning Balance June 30, 2008	Additions	Reductions	Ending Balance June 30, 2009	Amounts Due Within One Year
Governmental Activities:					
Revenue Bonds payable	\$ 9,630,000	\$ -	\$ 620,000	\$ 9,010,000	\$ 626,000
Accrued sick leave	240,213	(3,522)	51,283	185,408	50,630
Governmental Activities:					
Long-term liabilities	<u>\$ 9,870,213</u>	<u>\$ (3,522)</u>	<u>\$ 671,283</u>	<u>\$ 9,195,408</u>	<u>\$ 676,630</u>

The debt service fund is primarily responsible for paying the bond obligations through funding from the capital outlay and FSPK funds. The general fund is primarily responsible for paying accrued vacation and sick leave.

NOTE 7: CAPITAL LEASE PAYABLE

The following is an analysis of the leased property under capital lease by class:

Classes of Property

Buses and Renovations:

Gross amount of assets	\$ 858,736
Accumulated Amortization	<u>563,119</u>
Net	\$ 295,617

Amortization of leased facilities and equipment under capital assets is included with depreciation expense.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 7: CAPITAL LEASE PAYABLE-(CONTINUED)

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum payments as of June 30, 2009:

Year Ending June 30,	Capital Lease Payable
2010	60,966
2011	60,656
2012	60,725
2013	55,257
2014	48,385
2015-2019	169,693
2020-2024	114,250
Total minimum lease payments	569,932
Less: Amount representing interest	(123,337)
Present Value of Net Minimum Lease Payments	446,595

NOTE 8: COMMITMENTS UNDER NONCAPITALIZED LEASES

Commitments under operating lease agreements for equipment provide for minimum future rental payments as of June 30, 2009, as follows:

Year ending June 30:

2010	\$ 19,254
2011	11,795
2012	6,018
2013	2,632
2015	1,316
Total Minimum Payments	\$ 41,015

Rent expense for the year ended June 30, 2009 was \$28,205

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 9: BUILDING LEASES

The District has entered into agreement to lease its property to outside entities. The following schedule provides the minimum future rental payments to be received as of June 30, 2009.

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 18,300
2011	7,500
	<u>\$ 25,800</u>

Rent received for the year ended June 30, 2009 was \$33,500.

NOTE 10: RETIREMENT PLANS

All the District's eligible employees participate in the Kentucky Teacher's Retirement System (KTRS), a statewide multiple-employer public employee retirement system covering all employees of local school districts within the State of Kentucky. KTRS is a cost sharing public employee retirement system with one exception: all risks and costs are not shared by the District but are the liability of the State of Kentucky. KTRS is funded through state employee contributions and the District has no legal obligation for paying benefits. As discussed below, the District may be required in certain situations to make limited contributions on behalf of certain employees.

Funding policy - Contribution rates are established by KRS. Members are required to contribute 9.855% of their salaries to KTRS for members established before July 1, 2008 and 10.855% for members established after July 1, 2008. The Commonwealth of Kentucky is required to contribute 13.105% of salaries for members established before July 1, 2008 and 14.105% for member established after July 1, 2008. The federal program for any salaries paid by that program pays the matching contributions.

During the years ended June 30, 2009, 2008 and 2007, contributions of \$632,327, \$650,194, and \$620,102 were made by the State of Kentucky and \$114,746, \$110,448 and \$115,415 in contributions were passed through the District's federally funded programs. The employee contribution rate of 9.855 % is actuarially determined and withheld by the District. Such withholdings during the years ended June 30, 2009, 2008 and 2007 totaled \$562,080, \$572,005 and \$553,111 and were paid by the District to the State of Kentucky as required. The District has no other liability under the plan. The District's total payroll for all employees during the years ended June 30, 2009, 2008 and 2007 was \$7,106,934, \$7,166,655 and \$7,107,245 and \$5,692,107, \$5,804,210 and \$5,612,496 of such amounts related to employees covered by the retirement plan. All payments were made to the retirement system in the amount of the annually required contributions.

KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report can be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, KY 40601 or from the KTRS web site at <http://ktrs.ky.gov/>.

Substantially all other employees (classified personnel) are covered under the County Employee's Retirement System (CERS). Funding for the Plan is provided through payroll withholdings of 5% and a District contribution for the years ended June 30, 2009, 2008 and 2007 of 13.55%, 16.18% and 13.19% of the employee's total compensation subject to contribution. The contribution rate is actuarially determined. The District's contribution requirement for CERS for the years ended June 30, 2009, 2008 and 2007 was \$188,416, \$233,655 and \$192,786 from the District and \$76,045, \$75,230 and \$73,086 from employees. The total covered payroll for CERS during the years ended June 30, 2009, 2008 and 2007 was \$1,414,827, \$1,444,988 and \$1,554,159. Benefits under both plans will vary based on final compensation, years of service and other factors as fully described in the Plan documents. All payments were made to the retirement system in the amount of the annually required contributions.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 10: RETIREMENT PLANS-(CONTINUED)

The County Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

DEFERRED COMPENSATION:

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement who do not perform the investing function for these plans to admit plan assets and related liabilities from their financial statements. The District therefore does not show these assets and liabilities on this financial statement.

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance Fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days notices. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 12: CONTINGENCIES

The District receives funding from federal, state, and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantor may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and un-reimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue their programs.

NOTE 13: COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss (contingency).

NOTE 14: DEFICIT OPERATING/FUND BALANCES

There are no funds of the District that currently have a deficit fund balance. However, the following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance:

Debt Service Fund	13,557
Proprietary Fund	13,420
Construction Fund	4,474,101

NOTE 15: TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special Revenue	Technology Match	\$ 21,603
Operating	General	Debt Service Fund	Debt Service	99,237
Operating	Special Revenue	General	Indirect Cost	1,252
Operating	Capital Outlay	Debt Service Fund	Debt Service	100,481
Operating	Building Fund	Debt Service Fund	Debt Service	358,216
Operating	Special Revenue	Debt Service Fund	Debt Service	4,736

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009

NOTE 16: ON-BEHALF PAYMENTS

The District receives on-behalf payments for fringe benefits from the Commonwealth of Kentucky. For the year ended June 30, 2009, total payments were \$1,664,661. The following amounts were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities:

Kentucky Teacher's Retirement System	\$ 632,327
Vocational Education	25,010
Health Insurance	1,082,386
Life Insurance	4,148
Administrative Fees	11,080
Flexible Plans	64,400
Less: Federal Reimbursement	<u>(154,690)</u>
Total	<u>\$ 1,664,661</u>

NOTE 17: LITIGATION

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the combined financial statements as a result of the cases presently in progress.

## REQUIRED SUPPLEMENTARY INFORMATION

CAMPBELLVILLE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
As of June 30, 2009

	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	Total Non-Major Governmental Funds
<b>ASSETS AND RESOURCES</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 214	\$ 214
Inventory	-	-	-	-
Accounts Receivable				
Taxes - Current	-	-	-	-
Accounts Receivable	-	-	-	-
Intergovernmental – State	-	-	-	-
Intergovernmental – Direct federal	-	-	-	-
Intergovernmental – Indirect federal	-	-	-	-
Prepaid Expenses	-	-	-	-
Due from other Funds	-	-	-	-
Interest Receivable	-	-	-	-
Investments	-	-	-	-
Furniture and Equipment, Net	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND RESOURCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ 214</u>
<b>LIABILITIES AND FUND BALANCES</b>				
	-	-	-	-
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Payroll and Related Expenses	-	-	-	-
Current Portion of Accumulated Sick Leave	-	-	-	-
Deferred Revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	-	-	-	-
<b>FUND BALANCES</b>				
Reserved for:				
Construction	-	-	-	-
Debt Service	-	-	214	214
Unreserved				
Undesignated, Reported In				
General Fund	-	-	-	-
Special Revenue Fund	-	-	-	-
Capital projects funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>214</u>	<u>214</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ 214</u>



CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009

	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	Total Non-Major Governmental Funds
REVENUES				
From Local Sources				
Taxes				
Property	\$ -	\$ 191,999	\$ -	\$ 191,999
Motor Vehicles	-	-	-	-
Tuition and Fees	-	-	-	-
Transportation	-	-	-	-
Earnings and Investments	-	-	274	274
Other Local Revenues	-	-	-	-
Intergovernmental – State	100,481	166,217	468,864	735,562
Intergovernmental – Direct federal	-	-	-	-
Intergovernmental – Indirect federal	-	-	-	-
TOTAL REVENUES	100,481	358,216	469,138	927,835
EXPENDITURES				
Instruction	-	-	-	-
Support Services				
Student	-	-	-	-
Instructional Staff	-	-	-	-
District Administration	-	-	-	-
School Administration	-	-	-	-
Business Support Services	-	-	-	-
Plant Operations and Maintenance	-	-	-	-
Student Transportation	-	-	-	-
Community Services	-	-	-	-
Site Improvement	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
Debt			1,045,366	1,045,366
TOTAL EXPENDITURES	-	-	1,045,366	1,045,366
Excess (Deficit) of Revenues Over Expenditures	100,481	358,216	(576,228)	(117,531)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Bonds	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-
Operating Transfers In	-	-	562,671	562,671
Operating Transfers Out	(100,481)	(358,216)	-	(458,697)
TOTAL OTHER FINANCING SOURCES (USES)	(100,481)	(358,216)	562,671	103,974
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	(13,557)	(13,557)
Fund Balance June 30, 2008	-	-	13,771	13,771
Fund Balance June 30, 2009	\$ -	\$ -	\$ 214	\$ 214

SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES  
SCHOOL ACTIVITY FUNDS

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES  
CAMPBELLSVILLE INDEPENDENT SCHOOL ACTIVITY FUNDS  
For The Year Ended June 30, 2009

	Cash Balance July 1, 2008	Receipts Actual	Disbursements Actual	Cash Balance June 30, 2009	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2009
<u>High School</u>							
Cash Transfer							
General Fund	\$ 5,194	\$ 5,134	\$ 7,248	\$ 3,080	\$ -	\$ -	\$ 3,080
Good Behavior	306	182	-	488	-	-	488
Soft Drinks	-	1,146	1,086	59	-	-	59
Snacks	-	-	-	-	-	-	-
Teachers Lounge	280	1,065	850	495	-	-	495
Hamilton Auditorium	-	-	-	-	-	-	-
Pictures	-	239	-	239	-	-	239
CDAC	-	-	-	-	-	-	-
Library (Grant Money)	193	-	152	41	-	-	41
Text Book	64	-	-	64	-	-	64
Cheerleaders	4,476	2,610	4,255	2,831	-	-	2,831
Creative Writing Club	-	-	-	-	-	-	-
Dance Team	66	-	-	66	-	-	66
Athletics	1,036	74,540	72,999	2,577	-	-	2,577
Girls Tennis	326	1,431	1,485	272	-	-	272
Boys Tennis	-	-	-	-	-	-	-
Golf	322	241	264	299	-	-	299
Track	87	3,055	2,873	269	-	-	269
Volleyball	1,941	1,476	3,068	349	-	-	349
Honor Society	5	226	216	15	-	-	15
Athletics Club	21	3,886	3,301	606	-	-	606
Soccer	878	-	-	878	-	-	878
FBLA	-	-	-	-	-	-	-
FCA	866	499	589	777	-	-	777
FCCLA	13	-	-	13	-	-	13
FEA	101	-	101	0	-	-	0
KYA	-	-	-	-	-	-	-
TSA - Industrial Arts	-	-	-	-	-	-	-
Pep Club	396	-	-	396	-	-	396
SADD	388	250	-	638	-	-	638
Student Council	196	348	521	23	-	-	23

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES - CONTINUED  
CAMPBELLSVILLE INDEPENDENT SCHOOL ACTIVITY FUNDS  
For The Year Ended June 30, 2009

	Cash Balance July 1, 2008	Receipts Actual	Disbursements Actual	Cash Balance June 30, 2009	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2009
Yearbook	\$ 8,452	\$ 22,780	\$ 14,472	\$ 16,759	\$ -	\$ -	\$ 16,759
Yearbook 2005/06	-	-	-	-	-	-	-
STLP	102	830	497	434	-	-	434
Staff Fund	134	-	34	100	-	-	100
Field Trips	169	-	-	169	-	-	169
Junior	2,868	9,481	10,126	2,224	-	90	2,134
Archery	-	-	-	-	-	-	-
Senior	2	43	30	15	-	-	15
Counselor	26	100	85	41	-	-	41
Young Historians	-	-	-	-	-	-	-
WIA	-	-	-	-	-	-	-
Chorus	188	-	-	188	-	-	188
PDA	140	-	140	-	-	-	-
BETA	213	3,513	3,726	-	-	-	-
Anne Fraim Scholarship	225	5,124	5,349	-	-	-	-
Biology	195	475	47	622	-	-	622
Spanish	80	38	-	118	-	-	118
Bowling Team	-	470	460	10	-	-	10
Less: Interfund Transfers	-	(1,061)	(1,061)	(0)	-	-	(0)
Campbellsville High School	29,949	138,120	132,915	35,154	-	90	35,064
Campbellsville Middle School	28,545	60,722	58,777	30,490	-	-	30,490
Campbellsville Elementary	43,885	48,358	38,104	54,139	530	45	54,625
Totals	<u>\$ 102,379</u>	<u>\$ 247,200</u>	<u>\$ 229,796</u>	<u>\$ 119,783</u>	<u>\$ 530</u>	<u>\$ 135</u>	<u>\$ 120,178</u>

## BUDGETARY COMPARISON SCHEDULES

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes				
Property	\$ 1,295,000	\$ 1,420,000	\$ 1,432,004	\$ 12,004
Motor Vehicle	130,000	110,000	128,374	18,374
Utilities	465,300	540,000	570,745	30,745
Other	-	5,000	9,762	4,762
Tuition and Fees	7,400	7,400	9,498	2,098
Transportation	7,000	7,000	-	(7,000)
Earnings on Investments	25,000	150,000	171,931	21,931
Other Local Revenues	240,800	202,612	287,328	84,716
Other Intermediate Sources	-	-	-	-
Intergovernmental – State	4,745,031	4,782,862	6,373,822	1,590,960
Intergovernmental –Direct federal	4,000	4,000	5,664	1,664
Intergovernmental –Indirect federal	-	40,000	45,398	5,398
TOTAL REVENUES	6,919,531	7,268,874	9,034,525	1,765,651
EXPENDITURES				
Instruction	4,096,122	4,435,737	5,121,290	(685,554)
Support Services				-
Student	314,982	316,173	390,214	(74,041)
Instructional Staff	302,676	312,568	416,391	(103,823)
District Administration	351,287	378,442	391,604	(13,162)
School Administration	320,439	327,789	372,707	(44,918)
Business Support Services	131,001	133,810	157,415	(23,605)
Plant Operations and Maintenance	791,958	987,729	1,037,241	(49,513)
Student Transportation	283,522	294,645	240,465	54,180
Community Services	1,251	1,471	1,558	(87)
Contingency	508,487	583,038	-	583,038
Facilities Acquisition and Construction	-	-	-	-
Debt	98,667	100,415	99,237	1,178
TOTAL EXPENDITURES	7,200,392	7,871,816	8,228,123	(356,307)
Excess (Deficit) of Revenues Over Expenditures	(280,861)	(602,942)	806,402	1,409,343
OTHER FINANCING SOURCES (USES)				
Proceeds (Loss) on Sale of Assets	4,000	21,300	22,741	1,441
Operating Transfers In		1,241	1,252	11
Operating Transfers Out	(13,590)	(21,603)	(21,603)	-
TOTAL OTHER FINANCING SOURCES (USES)	(9,590)	938	2,390	1,452
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(290,451)	(602,004)	808,792	1,410,796
Fund Balance June 30, 2008	290,451	621,730	621,729	-
Fund Balance June 30, 2009	\$ -	\$ 19,726	\$ 1,430,521	\$ 1,410,796

On-behalf payments totaling \$1,590,112 are not budgeted by the Campbellsville Independent School District

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
SPECIAL REVENUE  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Other Local Revenues	\$ 23,800	\$ 21,800	\$ 20,681	\$ (1,119)
Other Intermediate Sources	-	-	-	-
Intergovernmental – State	464,977	761,342	783,188	21,846
Intergovernmental –Direct federal	-	-	42,051	42,051
Intergovernmental –Indirect federal	1,166,787	1,632,182	1,633,589	1,407
TOTAL REVENUES	1,655,564	2,415,324	2,479,509	64,185
EXPENDITURES				
Instruction	1,405,290	2,042,975	2,064,595	(21,620)
Support Services				
Student	-	-	-	-
Instructional Staff	106,806	233,887	273,543	(39,656)
District Administration	44,158	26,080	30,234	(4,155)
School Administration	-	9,334	9,331	3
Business Support Services	-	-	-	-
Plant Operations and Maintenance	3,400	11,362	11,817	(455)
Student Transportation	14,550	12,335	10,770	1,565
Community Services	94,950	94,950	94,852	98
Site Improvements	-	-	1,468	(1,468)
Facilities Acquisition and Construction	-	3,250	3,250	-
Debt	-	-	-	-
TOTAL EXPENDITURES	1,669,154	2,434,172	2,499,860	65,688
Excess (Deficit) of Revenues Over Expenditures	(13,590)	(18,848)	(20,351)	(1,503)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	13,590	20,100	21,603	1,503
Operating Transfers Out	-	(1,252)	(1,252)	-
TOTAL OTHER FINANCING SOURCES (USES)	13,590	18,848	20,351	1,503
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	-	-	-
Fund Balance June 30, 2008	-	-	-	-
Fund Balance June 30, 2009	\$ -	\$ -	\$ -	\$ -

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS



CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2009

	Federal CFDA Number	Pass Through Number	Disbursements
U.S. Department of Education			
Passed Through Kentucky Department of Education:			
Adult Education State Grant Program	84.002	3739	\$ 61,652
Adult Education State Grant Program	84.002	3939S	645
Adult Education State Grant Program	84.002	3718	1,561
Adult Education State Grant Program	84.002	3719	17,472
			<u>81,330</u>
Title I Grants to Local Educational Agencies	84.010	2709	3,250
Title I Grants to Local Educational Agencies	84.010	3108	213,009
Title I Grants to Local Educational Agencies	84.010	3108M	4,594
Title I Grants to Local Educational Agencies	84.010	3109	437,164
Title I Grants to Local Educational Agencies	84.010	3109M	1,521
			<u>659,538</u>
Special Education Cluster:			
Special Education-Grants to States	84.027	3378	9,186
Special Education-Grants to States	84.027	3379	248,222
Special Education-Preschool Grants	84.173	3439	33,201
Total Special Education Cluster			<u>290,609</u>
Vocational Education-Basic Grants to States	84.048	3488	1,585
Vocational Education-Basic Grants to States	84.048	3488A	392
Vocational Education-Basic Grants to States	84.048	3489	17,080
			<u>19,057</u>
Safe and Drug-Free Schools and Communities- National Programs	84.184	5349A	* 237,466
Safe and Drug-Free Schools and Communities_State Grants	84.186	4068	3,997
Safe and Drug-Free Schools and Communities_State Grants	84.186	4069	2,313
			<u>6,310</u>
Twenty-First Century Community Learning Centers	84.287	5507	12,663
Twenty-First Century Community Learning Centers	84.287	5508	68,528
Twenty-First Century Community Learning Centers	84.287	5508C	51,350
Twenty-First Century Community Learning Centers	84.287	5508S	4,484
Twenty-First Century Community Learning Centers	84.287	5509S	5,000
			<u>142,025</u>
Education Technology State Grants	84.318	4257C	436
Education Technology State Grants	84.318	4258	1,197
Education Technology State Grants	84.318	4258C	31,607
Education Technology State Grants	84.318	4259	4,437
			<u>37,677</u>
Rural Education	84.358	3508	286
Rural Education	84.358	3509	28,399
			<u>28,685</u>

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (CONTINUED)  
For The Year Ended June 30, 2009

Literacy Through School Libraries	84.364	3228	\$	42,051
Improving Teacher Quality State Grant	84.367	4007		4,505
Improving Teacher Quality State Grant	84.367	4018		12,016
Improving Teacher Quality State Grant	84.367	4019		<u>110,101</u>
				126,622
Totals for U.S. Department of Education				1,671,370
U.S Department of Justice				
Passed Through Kentucky Department of Education:				
Drug-Free Communities Grant	16.279	5009		<u>6,100</u>
Totals for U.S. Department of Justice				6,100
U.S. Department of Agriculture				
Passed Through Kentucky Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	7760005 08 *		30,358
School Breakfast Program	10.553	7760005 09 *		111,417
National School Lunch Program	10.555	7750002 08 *		75,109
National School Lunch Program	10.555	7750002 09 *		265,986
Summer Food Service Programfor Children	10.559	7690023 08 *		1,244
Summer Food Service Programfor Children	10.559	7740023 09 *		<u>35,781</u>
Total Child Nutrition Cluster				519,895
Passed Through State Department of Agriculture:				
Food Donation	10.550		*	<u>28,206</u>
Totals for U.S. Department of Agriculture				<u>548,101</u>
Total Federal Financial Assistance			\$	<u><u>2,225,571</u></u>

\* Denotes Major Program

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2009

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Campbellsville Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

**NOTE B – FOOD DISTRIBUTION**

Non-monetary assistance is reported in the schedule at the fair value of the commodities disbursed.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2009

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of audit issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?            Yes       X       No
- Significant deficiencies identified that are not considered to be material weakness(es)?            Yes       X       None Reported

Noncompliance material to financial statements noted?            Yes       X       No

**Federal Awards**

Internal control over major programs?

- Material weakness(es) identified?            Yes       X       No
- Significant Deficiencies identified that are not considered to be material weakness(es)?            Yes       X       None Reported

Type of auditor's report issued on compliance for major programs(unqualified):

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?            Yes       X       No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559, 10.550	Child Nutrition Cluster
84.184	Safe and Drug-Free Schools and Communities- National Program

Dollar threshold used to distinguish between Type A and Type B programs:

      \$300,000      

Auditee qualified as low-risk auditee?       X       Yes            No

**Section II - Financial Statement of Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2009

**Financial Statement Findings**

*Prior Year Findings:*

Reference Number 2008-01 Restatements

The design of the internal controls over recording transactions limited the ability of the District to provide accurate financial information causing a material restatement adjustment to be proposed to previously issue financial statements. Recommendation was made to the management and financial personnel to continue to increase their awareness and knowledge of all procedures and processes involved in recording transactions and to develop internal control policies to ensure proper recording of those items.

Current year conclusion: Management and financial personnel have taken strides to increase their awareness and knowledge of all procedures and processes involved in recording transactions and have developed and implemented internal controls ensuring proper recording of those items.

Reference Number 2008-02 Segregation of Duties

One individual was responsible for receiving customer payments, preparing deposit slips, posting payments to taxpayer accounts, and receiving and reconciling the monthly bank statement for the District's property tax collection office. Recommendation was made to develop policies to ensure that more than one individual is involved in the procedures of the property tax collection office.

Current year conclusion: Management has developed policies and implemented internal controls that allow for segregation of duties for collection and recording of tax collection receipts and disbursements. The external tax collection account was closed and all receipts and disbursements now go through the District's general fund. Bank reconciliations are done by someone other than the tax collector and receipts are verified and recorded at the Central office.

Reference Number 2008-03 Financial Statement Presentation

Generally accepted accounting principles were not always properly applied and material adjustments were not identified by the District's internal control. Recommendation was made for the District's management and financial personnel to continue to increase their awareness and knowledge of all procedures and processes involved in preparing financial statements and develop internal control policies to ensure proper financial statement presentation.

Current year conclusion: : Management and financial personnel have taken strides to increase their awareness and knowledge of all procedures and processes involved in recording transactions and have developed and implemented internal controls ensuring proper recording of those items for proper financial presentation.

**Federal Award Findings and Questioned Costs:**

The audit of the Campbellsville Independent School District for the year ended June 30, 2008 revealed no audit findings requiring corrective action.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Campbellsville Independent School District  
Campbellsville, KY 42719

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Campbellsville Independent School District, as of and for the year ended June 30, 2009, which collectively comprise the Campbellsville Independent School District's basic financial statements and have issued our report thereon dated November 09, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I, II, and III of the *Independent Auditor's Contract*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Campbellsville Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Campbellsville Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Campbellsville Independent School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Campbellsville Independent School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Campbellsville Independent School District's financial statements that is more than inconsequential will not be prevented or detected by the Campbellsville Independent School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Campbellsville Independent School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Campbellsville Independent School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters required to be reported under *Governmental Auditing Standards*.

We noted certain matters that we reported to management of Campbellsville Independent School District, in a separate letter dated November 09, 2009.

This report is intended solely for the information and use of management, Board Members, the Kentucky State Committee for School District Audits and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wise, Buckner, Sprowles & Associates, PLLC*

Wise, Buckner, Sprowles & Associates, PLLC  
Campbellsville, KY

November 09, 2009



REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Campbellsville Independent School District  
Campbellsville, Kentucky 42718

Compliance

We have audited the compliance of Campbellsville Independent School District, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Campbellsville Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of District's management. Our responsibility is to express an opinion on Campbellsville Independent School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the audit requirements prescribed by the Kentucky State Committee for School District Audits in Appendix I of the Independent Auditor's Contract – General Audit Requirements, Appendix II of the Independent Auditor's Contract – State Audit Requirements, and Appendix III of the Independent Auditor's Contract – Electronic Submission. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Campbellsville Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, Campbellsville Independent School District, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Campbellsville Independent School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Campbellsville Independent School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

A control deficiency in a District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance required of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

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Kentucky State Committee for School District Audits  
Members of the Board of Education  
Campbellsville Independent School District  
Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results more than a remote likelihood that material noncompliance with a type of compliance requirement of federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of members of the Kentucky State Committee for School District Audits, the members of the Board of Education of Campbellsville Independent School District, the Kentucky Department of Education, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Wise, Buckner, Sprowles & Associates, PLLC*

Wise, Buckner, Sprowles & Associates, PLLC  
Certified Public Accountants

Campbellsville, Kentucky  
November 09, 2009